



April 9, 2014

Item No. 5

**RECOMMENDATION TO APPROVE THE CHICAGO HOUSING AUTHORITY'S (CHA)
SECTION 3 POLICY**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the CHA's Section 3 Policy. The CHA entered into a Voluntary Compliance Agreement (VCA) with HUD on March 8, 2013 in order to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968. The CHA's Section 3 Policy provides a comprehensive outline of the CHA's compliance with both the VCA and the regulatory requirements at 24 C.F.R. Part 135.

CORPORATE GOAL

- **Expand services to more residents, targeted to their needs, and at critical milestones in their lives**

Section 3 provides employment and contracting opportunities to CHA residents and business owners. The Section 3 program also provides other economic opportunities to public housing residents through internship programs and business partnerships. The Section 3 fund provides residents with scholarships and financial assistance for education and training to enter the workforce.

EXPLANATION

The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

The CHA's previous Section 3 Policy did not include the requirements of the VCA. The policy has been updated to include the VCA requirements and provides a comprehensive explanation of both the hiring and contracting requirements. The policy supports all other Section 3 documents stipulated under the VCA, including the Section 3 Plan and bi-annual reports.

The CHA's Section 3 Policy incorporates all the requirements put forth in the regulations and VCA. The following requirements are addressed in the policy:

- Preferences for CHA residents in hiring and contracting
- Updated Section 3 Utilization Plan allows Prime Contractors to outline organized and precise Section 3 plans.
- For existing contracts that will last two years or longer after the VCA is effective or those contracts that are three (3) million USD or more that are not in Compliance with the Section 3 requirements, CHA will attempt to the maximum extent feasible to renegotiate the Section 3 Compliance for the option year, extensions, modifications, and/or amendments.

- Private Property Management Contracts will:
 - Contain provisions that allow Private Management Companies to break down large contracts into smaller contracts that are more suitable for Section 3 Business Concerns.
 - Contain provisions allowing the CHA to require Private Management Companies to give a preference to Section 3 Business Concerns when they contract.
- Other Economic Opportunities- A Prime Contractor that can demonstrate that it has attempted to meet Section 3 hiring and contracting goals, and is unable to meet the subcontracting goals, may demonstrate Section 3 compliance through:
 - Indirect Participation
 - Mentorship program participation
 - Other results oriented economic opportunities
 - Section 3 Fund
- Addressing Noncompliance
 - Prime Contractors that fail to address Section 3 requirements will be deemed nonresponsive.
 - CHA has developed a procedure for Prime Contractors who are non-compliant with Section 3 requirements
 - CHA will continue to monitor and track compliance through a database
- Section 3 Clause- The CHA has ensured that the Section 3 clause is included with all Invitations for Bid and Requests for Proposals. Labor Organizations will be notified of the clause.
- Complaint procedure- To report any fraud or misconduct regarding Section 3 compliance, the CHA has developed a Complaint Form, which is available electronically on the CHA website

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies.

The General Counsel concurs with the recommendation to approve the CHA's Section 3 Policy

The CEO/President recommends the approval to approve the CHA's Section 3 Policy.

RESOLUTION NO. 2014-CHA-38

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated April 9, 2014, entitled "RECOMMENDATION TO APPROVE THE CHICAGO HOUSING AUTHORITY'S SECTION 3 POLICY";

THEREFORE BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners hereby approves the Chicago Housing Authority's Section 3 Policy and authorizes the Chief Executive Officer or his designee(s) to implement such Policy.



Chicago Housing Authority
60 E. Van Buren
Chicago, IL 60605
312-742-8500
www.thecha.org